

Fact Sheet on FY 2002 Budget Proposals

Department of Education

The President's preliminary budget, entitled, "Blueprint for New Beginnings" contains several budget initiatives in the Department of Education. This fact sheet provides a brief summary of these proposals.

Overall Department of Education Funding Increase. Contrary to statements by President Bush, his 2002 budget does **not** increase funding for the Department of Education by \$4.6 billion, or 11.5 percent. Instead, the budget provides \$44.5 billion in appropriations for the Department of Education in 2002, an increase of \$2.4 billion, or 5.7 percent, (using CBO estimates*) above the 2001 program level. If adjusted for inflation, the increase is a mere \$1.8 billion, or 4.2 percent, about one-third the size of the increase claimed by the President.

The President's estimate is based on the assumption that the Department of Education's funding level in 2001 was \$39.9 billion. However, this figure is understated because it excludes \$2.1 billion in advanced appropriations for the 2001 school year. These advanced appropriations were included in the fiscal 2001 appropriations bill and are normally included in estimates of education funding for a school or program year. The Bush budget excludes these advances in order to understate resources available in 2001 and overstate the increase between 2001 and 2002.

The President's budget also does not keep pace with previous congressional increases. Last year's increase was \$6.5 billion, or a record 18.2 percent. Over the last five years, funding for the Department of Education has increased by an average of 12.9 percent annually.

Elementary and Secondary Education programs. Of the total \$2.4 billion increase, the budget includes a \$1.6 billion increase for elementary and secondary education programs, but it only provides funding levels for a few programs. They include:

- \$900 million for a new Reading First initiative, of which \$286 million would come from existing funding for the Reading Excellence Act program;
- \$75 million for a new early reading program to prepare young children to read in pre-school;
- \$25 million for character education, an increase of \$16 million;
- \$30 million for Troops to Teachers, an increase of \$27 million;
- \$150 million for a new charter school program;
- \$2.6 billion for a new teacher quality and recruitment grant program, an increase of \$410 million (consolidates class size reduction, Eisenhower professional development, and Goals 2000 parental assistance programs); and,
- \$62 million for Impact Aid construction assistance.

The budget also eliminates the \$1.2 billion school renovation program enacted last year in 2002 and "redirects" the funds to other programs, including special education, help for low-performing schools, and accountability measures. For 2001, the budget would allow states to reallocate the

funds to special education or technology activities. On the tax side, the budget only allows private activity bonds to be used for school construction and repair; it does not include interest free school modernization tax credit bonds.

The budget does not provide any funding levels for Title 1 (the largest ESEA program) nor does it give any assurance that States and school districts will be provided with the necessary resources, as the promised by President, to help them develop annual tests and implement an annual testing program and to turn low-performing schools around.

Higher Education programs. For Pell Grants, the budget assumes an additional \$1.0 billion to increase the maximum award. However, this increase is only \$459 million above the level required to maintain the maximum award at last year's level of \$3,750 and would only support a \$100 increase in the maximum award. By comparison, the maximum award was increased by \$450 last year. The budget also includes an increase of \$19 million for Historically Black Graduate Institutions and Hispanic-Serving Institutions.

Student loans. The budget expands the existing student loan forgiveness limits from \$5,000 to \$17,500, which costs \$11 million in 2002 and \$64 million over 10 years.

Special Education. During the campaign President Bush promised to work towards full funding of Individuals with Disabilities Education Act (IDEA), which is defined as 40 percent of the national average per pupil expenditure for special education. Even though the budget provides no specific amount for special education, it appears to provide only enough funds to continue the current 14.9 percent. Full funding in 2002 would have required an additional \$11.3 billion.

Reductions. As stated above, the budget eliminates the \$1.2 billion school renovation program enacted last year. It also makes \$433 million in unspecified cuts in "one-time projects" and "short-term activities whose purposes have been met."

* Using OMB estimates, the President's budget is an increase of \$2.5 billion, or 5.9 percent, over the 2001 program level.

Prepared by Senate Budget Committee Democratic Staff

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